

# WATER WORKS DISTRICT NO. 3 OF RAPIDES PARISH

TIOGA, LOUISIANA

DECEMBER 31, 2000

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Public Law 9-22-00

**WATER WORKS DISTRICT NO. 3  
OF RAPIDS PARISH  
DECEMBER 31, 2009**

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PAVNE, MEDORE & HERRINGTON LLP

CHARTERED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Water Works District No. 3 of  
Rapides Parish

We have audited the accompanying balance sheet of Water Works District No. 3 of Rapides Parish, Louisiana, as of December 31, 2000, and the related statements of revenues, expenses, and changes in retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Water Works District No. 3 of Rapides Parish as of December 31, 2000, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 31, 2001, on our consideration of Water Works District No. 3 of Rapides Parish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations.

PAVNE I, JOHN L. IV

CHARTERED PUBLIC ACCOUNTANT

MEMBER AICPA

PAVNE II, JAMES L. IV

CHARTERED PUBLIC ACCOUNTANT

MEMBER AICPA

PAVNE III, ROBERT L. IV

CHARTERED PUBLIC ACCOUNTANT

MEMBER AICPA



ONE EIGHT FOUR - FIVE SIX ZERO - SIX SEVEN, SIX SEVEN ZERO

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PAINE, MCCRELL & HARRINGTON CO., LLP

Board of Commissioners  
Water Works District No. 3 of  
Rapides Parish

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole for the year ended December 31, 2000. The additional information as linked in the foregoing table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Paine, McCrell & Harrington, LLP*

Certified Public Accountants

May 31, 2001

WINTERWOOD DISTRICT NO. 1 OF HANCOCK COUNTY  
BALANCE SHEET  
DECEMBER 31, 2000

Page 1 of 1

ASSETS		LIABILITIES AND FUND EQUITY	
<b>CURRENT ASSETS</b>		<b>CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)</b>	
Cash and cash equivalents	\$ 482,917	Accounts payable	\$ 20,281
Investments	600,000	Deferred revenue	117,388
Accounts receivable		Accrued interest	6,728
Other assets	195,089	Other current liabilities	2,582
<u>Other</u>	<u>13,007</u>	Total Current Liabilities Payable	
Recurrent interest receivable	270,420	Non-Current Liabilities	21,800
Derivatives	84,098	Total Current Assets	
Prepaid expenses	100,000		
<u>Total Current Assets</u>	<u>1,066,530</u>		
<b>RESTRICTED ASSETS</b>		<b>CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)</b>	
Make Fund		Outstanding notes payable	20,281
Cash and cash equivalents	\$41,370	Total Liabilities	50,110
<b>FUND ASSETS</b>		<b>EQUITY</b>	
Fund assets	17,240,000	Contributed capital	4,000,000
Less - accumulated depreciation	7,395,474	Appropriated savings - unreserved	2,281,000
<u>Total Fund Assets</u>	<u>9,844,526</u>	Total Equity	6,281,000
<b>TOTAL ASSETS</b>	<b>10,911,056</b>	<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>10,911,056</b>

The accompanying notes are an integral part of the financial statements.

**WATER WORKS DISTRICT NO. 3 OF RAPIDS PARKS  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS  
YEAR ENDED DECEMBER 31, 2008**

**EXHIBIT B**

**OPERATING REVENUES**

Water sales	\$7,388,280
Delinquent surcharges	57,819
Connection fees	28,706
Other	<u>58,170</u>
Total Operating Revenues	<b>7,493,975</b>

**OPERATING EXPENSES (BY DEPARTMENT)**

Administration	504,728
Purification	426,888
Distribution	508,508
Water	114,873
Production	240,128
Wells	143,573
Depreciation	<u>619,572</u>
Total Operating Expenses	<b>2,548,732</b>

**OPERATING INCOME (LOSS)** **(112,842)**

**NONOPERATING REVENUES**

Interest Income	<u>132,372</u>
-----------------	----------------

**NET INCOME** **59,530**

**RETAINED EARNINGS, BEGINNING OF YEAR** **7,163,878**

**RETAINED EARNINGS, END OF YEAR** **\$7,183,808**

The accompanying notes are an integral part of the financial statements.

WATER WORKS DISTRICT NO. 3 OF RAPIDS PARISH  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2020

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**OPERATING ACTIVITIES**

Net income	\$ 19,000
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	\$16,572
Amortization of investment premium and discount	489
Bad debt expense	1,040
Changes in operating assets and liabilities:	
Accounts receivable	(7,485)
Inventories	(34,884)
Prepaid expenses	5,069
Accrued interest receivable	(38,704)
Accounts payable	(1,837)
Contracts payable	133,738
Accrued expenses	1,258
Customers' meter deposits	11,329
Other current liabilities	152
Net Cash Provided by Operating Activities	<u>718,368</u>

**NONCAPITAL FINANCING ACTIVITIES**

-

**CAPITAL FINANCING ACTIVITIES**

Contributed capital	\$8,891
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**INVESTING ACTIVITIES**

Purchase of fixed assets and construction	(1,130,817)
Proceeds from maturities of investments	3,140,320
Purchase of investments	(1,581,807)
Net Cash Used in Investing Activities	<u>(372,304)</u>

**INCREASE IN CASH AND CASH EQUIVALENTS**

199,368

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR**

581,432

**CASH AND CASH EQUIVALENTS, END OF YEAR**

**\$ 780,796**

**CLASSIFIED AS:**

Current Assets	\$ 457,243
Restricted Assets	<u>343,553</u>
<b>TOTAL</b>	<b><u>\$ 800,796</u></b>

The accompanying notes are an integral part of the financial statements.

**WATER WORKS DISTRICT NO. 3 OF RAPIDES PARISH  
DECEMBER 31, 2009**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Water Works District No. 3 of Rapides Parish have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity

Upon the presentation of a petition by property owners to the Louisiana Legislature, the Rapides Parish Police Jury was made responsible for creating a water district to utilize certain water facilities at Camp Livingston which had been abandoned. As a result, Water Works District No. 3 of Rapides Parish was created by an ordinance of the Rapides Parish Police Jury on February 6, 1949. The District provides water to many individual, commercial, and municipal customers primarily in Ward 10 of Rapides Parish.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. Generally, component units are legally separate organizations for which the elected officials or appointed board members of the primary government are financially accountable. Some of the criteria considered under "legally separate organization" are the capacity for the organization to have its own name, the right for the organization to sue and be sued in its own name without recourse to the primary government, and the right to buy, sell, lease, and mortgage property in its own name. Some of the criteria used to consider "financially accountable" include appointment of a voting majority of the organization's governing body, ability for primary government to impose its will on the organization, whether the organization has the potential to provide specific financial benefits to, or impose specific financial burdens on the primary government, and fiscal dependence of the organization. Based upon the application of these criteria, only the operating activities of the Water Works District No. 3 of Rapides Parish are included in these financial statements.

The Water Works District No. 3 of Rapides Parish operates autonomously from the other Parish agencies. Therefore, the Water Works District No. 3 of Rapides Parish reports as an independent reporting entity. This report includes all funds which are controlled by or dependent upon the Water Works District No. 3 of Rapides Parish.



**WATER WORKS DISTRICT NO. 3 OF HANCOCK PARISH  
DECEMBER 31, 1990**

**NOTES TO FINANCIAL STATEMENTS**

**Fund Accounting**

A fund is a separate accounting entity with a self-balancing set of accounts. The District only has one fund - the general fund. It is considered a proprietary fund. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Where goods or services are provided to outside parties, such as customers receiving water, the proprietary fund is considered an enterprise fund.

**Basic Accounting**

Proprietary funds follow GAAP prescribed by the Governmental Accounting Standards Board and all Financial Accounting Standards Board's standards issued prior to November 30, 1989. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The accrual basis of accounting is followed by the District. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**Cash and Cash Equivalents and Investments**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments generally maturing within three months of the date acquired by the District.

Investments are stated at cost or amortized cost.

**Accounts Receivable**

Amounts due from customers are recognized as bad debts as they are considered uncollectible. Minimum losses are sustained since the customer's meter deposit is applied to any unpaid balance. In the opinion of management, all receivables were collectible and an allowance for doubtful accounts was not considered necessary.

**Inventories**

Inventories of pipe, fittings, and other construction materials are stated at the lower of average cost or market, primarily on a first-in, first-out basis.

**WATER WORKS DISTRICT NO. 3 OF RAPIDES PARISH  
DECEMBER 31, 2009**

**NOTES TO FINANCIAL STATEMENTS**

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2009, are recorded as prepaid items.

Restricted Assets

Certain proceeds related to customers' meter deposits are classified as restricted assets on the balance sheet because their use is limited by applicable laws and regulations. The meter fund is used to account for customers' meter deposits received from and returned to customers.

Fixed Assets

Fixed assets are stated at cost when purchased and at fair market value when donated to the District. Improvements that add to the value of the asset or materially extend asset lives are capitalized.

Depreciation is computed using the straight-line method over the useful lives of capitalized assets.

Accrued Vacation

Vacation not used by the end of the year is carried over to the next year. A maximum of forty hours may be carried over. The amount of accrued vacation for this year is immaterial to these financial statements. Therefore, there is no liability for accrued vacation at year end.

Contributed Capital

Contributed capital is recorded on the balance sheet when amounts are received through capital grants or through contributions from developers and customers.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**WATER WORKS DISTRICT NO. 3 OF RAPIDES PARISH  
DECEMBER 31, 2000**

**NOTES TO FINANCIAL STATEMENTS**

**2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and Cash Equivalents

At December 31, 2000, cash and cash equivalents consisted of the following:

	<u>Total</u>	<u>Unrestricted</u>	<u>Restricted</u>
Petty cash and change funds	\$ 1,100	\$ 1,100	\$ -
Cash in bank	787,609	484,336	343,273
Held by broker - Daily Money Fund	<u>2,001</u>	<u>2,001</u>	<u>-</u>
Total	\$ 800,710	\$ 487,437	\$ 343,273

Investments

The District may invest in United States bonds, treasury notes, or certificates of deposit at state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana, an investment as stipulated in Louisiana Revised Statute 50:1271, or any other federally insured investment.

At December 31, 2000, investments consisted of the following:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Book Balance</u>	<u>Market Value</u>
Certificate of Deposit	\$ 932,823	\$ -	\$ 932,823	\$ 932,823

Cash and cash equivalents and investments are categorized as either (1) insured or registered for which the securities are held by the District or its agent in the District's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the District's name, or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the District's name. (In accordance with GASB 3, this category includes certificates of deposit that are collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the District's name, although balances so collateralized meet the requirements of state law. All of the amount shown in Category 3 is collateralized by securities held by the pledging financial institution's agent, but not in the District's name.)

**WATER WORKS DISTRICT NO. 3 OF RAPIDES PARISH  
DECEMBER 31, 2008**

**NOTES TO FINANCIAL STATEMENTS**

	<u>1.</u>	<u>Categories</u>	<u>2.</u>	<u>3.</u>	<u>Carrying</u> <u>Bank</u> <u>Differences</u>	<u>Amount On</u> <u>Books</u>
Cash and Cash Equivalents						
Cash in bank	\$ 106,000	\$	\$ 860,448	\$ 860,448	\$	768,750
Daily U.S. Money Fund	3,001			2,001		3,001
Investments						
Certificates of deposit			802,923	802,923		802,923
Totals	\$ 109,001	\$ -0-	\$ 1,733,369	\$ 1,825,400		\$ 1,733,713

**3. ACCOUNTS RECEIVABLE - WATER SALES**

Receivables arising from water services provided to customers consist of uncollected billings rendered to customers on monthly cycle billings and estimated services provided to customers between billing cycles. At December 31, 2008, these receivables were as follows:

Uncollected cycle billings	\$ 131,005
Estimated services between cycles	<u>88,451</u>
	\$ 199,456

**4. PREPAID EXPENSES**

Prepaid expenses include prepaid insurance in the amount of \$85,000. The remaining prepaid amount of \$1,473 consists of prepaid service contracts and prepaid permits.

**WATER WORKS DISTRICT NO. 3 OF RAPIDES PARISH  
DECEMBER 31, 2008**

**NOTES TO FINANCIAL STATEMENTS**

**5. FIXED ASSETS**

A summary of fixed assets is as follows:

	Estimated Life in Years	<u>Amount</u>
Land		\$ 234,384
Plant, distribution, and transmission lines	5-25	14,287,879
Motors	20	388,149
Vehicles and trailers	3-10	480,200
Furniture and fixtures	3-10	234,991
Radio equipment	5-10	34,120
Machinery and equipment	3-15	638,111
Buildings	10-40	668,890
Fencing	10-25	88,882
Work in process		<u>5,494</u>
Total Fixed Assets		17,247,890
Less: Accumulated depreciation		<u>7,062,479</u>
NET FIXED ASSETS		\$ 10,185,411

Depreciation expense for the year was \$519,572.

**6. CONTRIBUTED CAPITAL**

Changes in contributed capital during the year are as follows:

Balance, beginning of year	\$ 4,691,520
Plus: Contributions from customers - Waterless, taps, and fire hydrants	<u>90,991</u>
Balance, end of year	\$ 4,778,518

**WATER WORKS DISTRICT NO. 3 OF RAPIDES PARISH  
DECEMBER 31, 2000**

**NOTES TO FINANCIAL STATEMENTS**

**7. PENSION PLAN**

Employees of the District are not covered under a State of Louisiana PERS plan. They are members of the social security system.

**8. DEFERRED COMPENSATION PLAN**

The District has a tax deferred compensation plan under section 457 of the Internal Revenue Code. Under the terms of that plan, the District matches a limited portion of the employees' contribution. The District made contributions totaling \$9,505 for the year 2000.

**9. NOTES TO STATEMENT OF CASH FLOWS**

There were no material noncash capital or financing activities that affected recognized assets or liabilities during the year.

No interest was paid during the year.

## ADDITIONAL INFORMATION

**WATER WORKS DISTRICT NO. 3 OF RAPIDS PARISH  
COMPARISON OF REVENUES AND EXPENSES - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2008**

**SCHEDULE 1**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Water sales	\$ 2,802,080	\$ 2,800,982	\$ 78,982
Delinquent surcharges	38,080	37,813	(187)
Connection fees	38,080	38,768	788
Contributions	71,080	58,969	(14,089)
Interest	928,080	932,217	39,217
Other	<u>38,080</u>	<u>38,170</u>	<u>1,170</u>
<b>TOTAL</b>	<b>2,885,080</b>	<b>2,872,949</b>	<b>88,248</b>
<b>EXPENSES (SCHEDULE 2)</b>	<b><u>4,274,484</u></b>	<b><u>3,902,881</u></b>	<b><u>1,267,382</u></b>
<b>REVENUES OVER EXPENSES (DEFICIT)</b>	<b><u>\$1,790,454</u></b> (1)	<b><u>\$ 434,718</u></b>	<b><u>\$ 1,355,741</u></b>

(1) The District's budget included \$1,852,808 from prior retained earnings. This appropriation of prior retained earnings resulted in a budget surplus.

**RECONCILIATION OF NET INCOME**

<b>REVENUES OVER EXPENSES (DEFICIT)</b>		<b>\$ (434,718)</b>
Plus:		
Capital additions		<u>1,138,211</u>
Less:		<u>898,188</u>
Depreciation	818,572	
Contributions	<u>58,969</u>	<u>878,583</u>
<b>NET INCOME (LOSS) (2)</b>		<b><u>\$ 18,695</u></b>

See independent auditor's report.



WATER WORKS DISTRICT NO. 3 OF RAPIDS PARISH  
COMPARISON OF EXPENSES - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2008

SCHEDULE 2

	Budget	Actual	Variance Favorable (Adverse)
EXPENSES BY DEPARTMENT			
Administration	\$ 506,754	\$ 584,120	\$ 77,366
Purification	487,100	426,088	61,012
Distribution	554,980	533,586	21,394
Water	102,480	114,673	12,193
Production	272,800	249,128	23,672
Wells	192,000	143,573	48,427
Capital additions	2,156,500	1,130,911	1,025,589
<b>TOTALS</b>	<b>\$ 4,374,654</b>	<b>\$ 3,187,081</b>	<b>\$ 1,287,573</b>

See independent auditor's report.

WATER WORKS DISTRICT NO. 3 OF RAPIDS PARISH  
 SCHEDULE OF PER DIEM PAYMENTS - BOARD MEETINGS  
 YEAR ENDED DECEMBER 31, 2008

SCHEDULE 3

	<u>Meetings Attended</u>	<u>Amount</u>
Adams, Roy	23	\$ 1,380
Halley, Otha	19	1,140
Holmes, Wes	22	1,320
Hollingsworth, Tammy J.	23	1,380
Kelly, Thurman	15	855
Larocque, Olynda	17	1,020
Moore, William	7	420
Livingston, Sharon	18	808
Lonks, Mark	5	300
Toney, Roger	21	1,260
White, E.D.	23	<u>1,380</u>
<b>TOTAL</b>		<b><u>\$ 11,160</u></b>

See Independent auditor's report.

**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
AND LOUISIANA GOVERNMENTAL AIDIT GUIDE**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**



PAUL H. MOORE & FERRINGTON, LLP

**GOVERNMENT AUDITING**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
Water Works District No. 3 of  
Rapides Parish

We have audited the financial statements of the Water Works District No. 3 of Rapides Parish, Bogalusa, Louisiana, as of and for the year ended December 31, 2000, and have issued our report thereon dated May 31, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Water Works District No. 3 of Rapides Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no material instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Water Works District No. 3 of Rapides Parish's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over

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PAYNE, MCKEE & HARRINGTON, LLP

Board of Commissioners  
Water Works District No. 3 of  
Naples Parish

financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as Finding 00-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above to be a material weakness.

This report is intended solely for the information and use of management of the Water Works District No. 3 and Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

*Payne, McKee & Harrington, LLP*

Certified Public Accountants

May 31, 2001

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**WATER WORKS DISTRICT NO. 3 OF RAPIDES PARISH  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2003**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?   X   yes        no

Reportable conditions identified that are not considered to be material weaknesses?        yes   X   none reported

Noncompliance material to financial statements noted?        yes   X   no

Management's Corrective Action Plan Attached

Management's Summary Schedule of Prior Audit Findings Not applicable

Memoandum of Other Comments and Recommendations Not applicable

Federal Awards Not applicable

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**FINDING 89-01 ACCOUNTS RECEIVABLE RECONCILIATION**

**Criteria:** The objectives of internal controls are to provide management with reasonable assurance that assets are safeguarded against loss, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Reconciliation of accounts receivable to the general ledger is an integral internal control procedure.



**WATER WORKS DISTRICT NO. 3 OF RAPIDES PARISH  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2008**

**Condition:** Accounts Receivable did not reconcile to the general ledger. Accounts Receivable had a balance of \$4,704 greater than the general ledger. In an examination of Accounts Receivable \$1,114 was accounted for leaving a balance of \$3,590 unaccounted for. Water Works District 3 used a new computer program for the year audited and the program did not run the reports to easily identify the difference. Approximately 50 hours were expended in our unsuccessful attempt to account for the remaining difference.

**Effect:** Water Works District 3 does not have the reports to easily reconcile Accounts Receivable to the General Ledger. Therefore, the District is unable to reconcile Accounts Receivable to the General Ledger.

**Cause:** The lack of meaningful daily and monthly reports necessary to reconcile Accounts Receivable.

**Recommendation:** It is recommended that the billing program be modified to provide daily and monthly general ledger posting totals and to provide daily reconciliations using these postings.

**Management's Response:** See Management's Corrective Action Plan.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No federal awards were received by the Water Works District No. 3 of Rapides Parish during the year ended December 31, 2008.

**WATER WORKS DISTRICT NO. 3 OF RAPIDES PARISH  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
YEAR ENDED DECEMBER 31, 2000**

The General Manager for Water Works District No. 3 of Rapides Parish submits the following corrective action plan for the year ended December 31, 2000.

Independent Public Accounting Firm:

Payne, Moore & Herington, LLP  
P.O. Box 13200  
Alexandria, LA 71315-3200

Auditor Contact Person:

Ivy Selby  
Bookkeeper  
Water Works District No. 3  
(518) 648-1379

Audit Period: January 1, 2000 through December 31, 2000

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the Schedule.

**MATERIAL WEAKNESS**

**FINDING 80-81 ACCOUNTS RECEIVABLE RECONCILIATION**

**Summary:** The accounts receivable subsidiary was not reconciled to the general ledger control account during the year ended December 31, 2000 due to lack of required reports from the System's new billing software. The auditors recommended that the program be modified to provide daily and monthly general ledger posting totals for use in reconciling the accounts receivable subsidiary to the general ledger control account.

**Management's Response:** A programmer has identified and corrected the accounting problems within the Billing/Accounts receivable software.

Modifications to provide daily and monthly general ledger posting totals and to provide daily reconciliations using these postings is being worked on and the programmer expects to have completed shortly.